

# News You Can Use!

## Family Support Bulletin for Families and Friends of 927<sup>th</sup> Reservists



*"Family and Personal Support is Mission Support"*

**Winter 2004**

### Family Readiness is about Confidence

Confidence is self assurance or a firm belief in one's own powers. It also means certainty in the trustworthiness of another. Both meanings have applications to family readiness.

One of the goals on the 927<sup>th</sup> Family Support program is to provide tools and information that increase the confidence level of the member and his or her family to deal with separations and other situations that are sometimes a part of military life. The information in this news bulletin and the other information included with this mailing are designed to provide you with additional tools and information that can help increase your confidence in your ability to handle situations that arise when a family member is part of the Air Force Reserve. Please take advantage of this material. Read it and if you have questions or want additional information, please contact the 927<sup>th</sup> Family Support Office.



The second meaning of confidence is a certainty in the trustworthiness of another. The Family Support Office is here to help you when you have questions or are facing a particular difficulty. We hope you have confidence that we will do all we can to assist you should the need arise. We have worked hard to try to establish that trustworthiness and will continue to do so. There are times, however, when we cannot provide the kind of direct assistance your situation may require. In most cases we are then able to refer people to other on or off base resources that can provide assistance. This is part of our Information and Referral program (I&R). There is some very good information mentioned later in this bulletin about the 2-1-1 I&R system in Michigan. Also enclosed with this news bulletin is a flyer about a new program called Air Force One Source. Air Force One Source is available to all Reserve families no matter where they live. You can access the Air Force One Source system either by telephone or via e-mail. Professional consultants are available 24 hours a day, 365 days a year to help individual find answers to questions related to parenting, child care, education, older adults, midlife, retirement, emotion well-being, grief and loss, addiction and recovery, and more. Please see the enclosed flyer for details

The focus of this news bulletin is on ways you can be proactive about finances in the new year and also on resources separate from the Family Support Office that you can access for assistance. As always, if you have questions, concerns, or would like additional information about a particular topic, please feel free to contact the 927<sup>th</sup> Family Support Office via e-mail at [family.support@selfridge.af.mil](mailto:family.support@selfridge.af.mil) or by telephone at 1-877-981-8714, ext 5092.

*Confidence is the hinge on the door to success.*

--Mary O'Hare Dumas

### Scary Debt Facts



Here are some facts about personal debt in the United States that might make you stand up and take notice.

- Total consumer credit debt - \$1.7 trillion
- Total finance charges Americans paid in 2002 \$50 billion
- Percent of U.S. households deemed "credit worthy" by the lending industry - 78%
- Credit card debt carried by the average American - \$8,562
- Market capitalization of AT&T - the entire corporation - \$1.6 billion (Compare with the first item - billion v. TRILLION!!)
- Number of credit card holders declaring bankruptcy last year - 1.3 million

Source - *The Motley Fool*, January 2004

### Getting Out of Debt

Picture yourself debt-free - no more bouts of anxiety over mounting credit card balances, no more living from paycheck to paycheck. You can do it! Here are some steps to take:

- Resolve to spend less than you make. Make it a habit as basic as stopping for red lights. Realize once and for all that if you cannot pay for it today, then you cannot afford it.
- Distinguish between BAD debt and OK debt. OK debt has an interest rate well below 10% and preferably has some tax advantages, too. In the best case, the thing you bought with borrowed funds will appreciate in value. Affordable home mortgages and student loans are examples of OK debt. Automobile loans are borderline. They often satisfy the low-rate requirement but automobiles almost never appreciate in value. If you need a new vehicle, consider a later model used car. This could save you thousands of dollars. Bad debt is everything else - from your titanium credit card to the 35% loan from Larry's Kwik Kash.
- Pick a winner. In other words, pick one major credit card that features the lowest annual interest rate. Cut up your other cards and cancel the accounts. Resolve to use the one card you have left for emergencies ONLY. Most of the time, you do not even need to carry it with you.
- Gather the latest bills from all BAD debt accounts. Line them up on the kitchen table. Find the minimum monthly payment for each account and then add these up to get an



overall monthly minimum. Pledge to pay this overall minimum PLUS an additional amount EVERY month – enough to make a solid dent in the outstanding balance of at least one account. If you cannot do this, you will have to make a drastic move to increase your income or lower your expenses. It's harsh, but an inescapable fact.

- Pick the highest interest rate account and attack it! After you have lined up your bills and determined minimum monthly payments in the preceding step, order the bills according to annual interest rate charged. Apply the additional amount beyond the minimum to the highest rate accounts. Repeat monthly until the last BAD debt is paid in full.
- Ask for a lower interest rate. Grab a bill from any account charging you more than 14% interest. Dial the toll-free number on the bill and ask to have your rate lowered to at least 11%. Tell them that you would really like to stay with them out of customer loyalty, but that you have received offers for much lower rate cards. Expect to be made uncomfortable, but stand firm and remember that, to them, you are both a customer and a profit center. You also stand to save money with a lower interest rate. The more calls you make, the more persuasive you will get.
- Finally, be prudent. Be aggressive in paying down BAD debt, but don't get so ambitious that you risk missing minimum payments on your mortgage, automobile, or any other secured credit account.

Source – *The Motley Fool*, January 2004

### Getting a Copy of Your Credit Report

It is a good idea to check what is in your credit report from time to time. Many financial experts suggest doing this yearly. If you are planning on making a major purchase within the next year, this is essential. The very best interest rates go to people with good credit histories and good credit scores.



There are sometimes mistakes made on information that is supplied to credit reporting agencies and, when you check what is in your record before making a major purchase, you have a chance to clear up any erroneous information. You should also get a copy of your credit score and, if it is low, find out how to improve your score before making a major purchase.

There are three major credit reporting agencies in the United States. Since all information is not reported to all three agencies, you should get a report from all three credit reporting agencies. Under most circumstances there is a small fee to receive this information – usually about \$10 per credit report. Getting your credit score in addition to your credit report may cost you a little more.

Here is how to contact all three major credit reporting agencies in the United States:

- Experian – experian.com or 888-397-3742
- TransUnion – transunion.com or 800-916-8800
- Equifax – equifax.com or 800-685-1111

Don't be put off by the relatively low fee to receive these credit reports. A good credit score can save you hundreds or thousands of dollars in lower interest rates.

### Debt Reversal Pyramid



If you are trying to pay off your credit card debt and would like to save interest charges without new financing, the debt reversal

pyramid method is one of the most effective. How does it work? Arrange creditors in order by balance, highest to lowest. Pay each creditor at least the minimum amount required. Then, any extra money should be applied to the debt with the smallest balance. As the smallest balance is paid off, move all the money that you were paying to the creditor with the next smallest balance. (Please note: This is different from the advice given in the article **Getting Out of Debt**. The important thing is to do ONE of them – choose whichever one works for you!)

This is a proven method that will not only reduce your debts but will also save you interest charges. Keep in mind that you must stop using your credit cards for this system to work.

The Family Support Office has this program, called Power Pay, on disk. Please contact us if you would like a copy. There are a number of interesting calculations you can perform with this very simple program.

### 2-1-1 Services

Access to essential human services is an important part of building and maintaining strong communities and 2-1-1 is an easy to remember telephone number that connects people with important community services and volunteer opportunities. It is the health and human services equivalent of 9-1-1.

2-1-1 makes it possible for people to navigate the complex and ever-growing maze of human services agencies and programs. By making service easier to access, 2-1-1 encourages prevention and fosters self-sufficiency.

2-1-1 provides callers in need with information about and referrals to human services such as:

- Basic Human Needs Resources, such as, food banks, clothing closets, shelters, rent assistance, utility assistance
- Physical and Mental Health Resources, such as, health insurance programs, Medicaid and Medicare, maternal health, Children's Health Insurance Program, medical information lines, crisis intervention services, support groups, counseling, drug and alcohol intervention and rehabilitation
- Work Supports, such as, financial assistance, job training, transportation assistance, education programs
- Support for Older Americans and Persons with Disabilities, such as, adult daycare, congregate meals, Meals on Wheels, respite care, home health care, transportation, homemaker services
- Children, Youth, and Family Supports, such as, child care, after school programs, Head Start, family resource centers, summer camps and recreation programs, mentoring, tutoring, protective services

Calls to 2-1-1 are answered by professional I&R specialists. They are free to the user and are available 24/7/365. Translation service is available for non-English speaking callers. In Michigan, 2-1-1 is currently available in Dent, Calhoun, Ottawa, and Kalamazoo counties. By the end of 2004, however, it is estimated that 74% of the Michigan population will have access to 2-1-1. In Ohio there are 22 counties where 2-1-1 is currently available.

The 2-1-1 program is sponsored by United Way.

### On Happiness

*The Constitution only gives people the right to pursue happiness. You have to catch it yourself.*

Benjamin Franklin